

0795

**Brackbill, Robert**

---

**From:** Brackbill, Robert  
**Sent:** Thursday, May 31, 2012 3:07 PM  
**To:** 'jack.stover@bipc.com'  
**Cc:** 'Chronister, Ronald'  
**Subject:** UPE/Highmark Form A Filing: Letter from Deputy Commissioner Johnson, dated May 31, 2012  
**Attachments:** 20120531150308166.pdf

Mr. Stover,

Please see the attached letter from Deputy Insurance Commissioner Stephen Johnson.

**Robert E. Brackbill, Jr.** | PIR | Chief, Company Licensing Division  
Pennsylvania Insurance Department  
1345 Strawberry Square | Harrisburg, PA 17120  
Phone: 717.783.2143 | Fax: 717.787.8557  
E-mail: [rbrackbill@pa.gov](mailto:rbrackbill@pa.gov)  
[www.insurance.pa.gov](http://www.insurance.pa.gov) | [www.chipcoverspakids.com](http://www.chipcoverspakids.com)



May 31, 2012

Jack M. Stover, Esq.  
Buchanan Ingersoll & Rooney PC  
1 South Market Square  
213 Market Street, 3rd Floor  
Harrisburg, PA 17101-2121

Re: Amendment to Form A Filing and Request for Additional Information - Application for Approval of the Form A Statement Regarding the Acquisition of Control or Merger with Highmark, Inc., a Pennsylvania Non-Profit Corporation, and its Pennsylvania Domiciled Insurance Subsidiaries by UPE, a Pennsylvania Non-Profit Corporation as applicant (the "Applicant"), dated November 7, 2011

Dear Mr. Stover:

As you are aware, on May 2, 2012, Highmark, Inc. ("Highmark") and the University of Pittsburgh Medical Center ("UPMC") issued a joint statement announcing that they had "reached an agreement in principle to provide for in-network access to all UPMC hospitals and physicians for Highmark Commercial and Medicare Advantage members until December 31, 2014." The Department understands that this will extend Highmark's/UPMC's existing contract through the end of 2014 (the "Contract Extension").

In Tab E attached to the Form A filing, UPE stated that Highmark was seeking to affiliate with WPAHS in the context of the projected loss of access by Highmark's subscribers to UPMC's facilities. As the parties have agreed in principle upon the Contract Extension, this may result in a material change to the facts and assumptions disclosed in the Form A filing.

Under applicable Pennsylvania law, the Applicant is required to update the Form A for material changes in the information contained in the Form A. Specifically, 40 PS § 991.1402(d) provides:

**If any material change occurs in the facts set forth in the statement filed with the department and sent to such insurer pursuant to this section, an amendment setting forth such change, together with copies of all documents and other material relevant to such change, shall be filed with the department and sent to such insurer within two (2) business days after the person learns of such change.**<sup>1</sup>

(Emphasis added.)

---

<sup>1</sup> Moreover, 31 Pa Code § 25.16 provides "...[i]n addition, the person shall file with the Department and send to the insurer within 5 business days an amendment disclosing a change other than a material change in the information furnished on Forms A and E arising after the date on which the form was filed but before a determination is made on the filing."

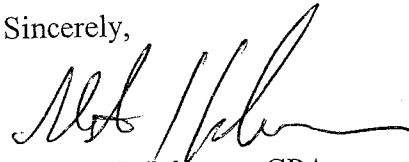
In that regard, the Department requests the following:

1. A copy of any and all documents or communications between or among Highmark, UPMC, or any affiliate of Highmark or UPMC, relating to the Contract Extension effective as of, dated, issued or delivered on or about May 1, 2012, including any term sheet, letter of intent, letter or memorandum of understanding, contract, letter agreement or similar document. Please also identify those documents that form the current basis of the "binding agreement" in principle and provide in the future all documents or communications that form the basis of, or that clarify, amend or modify, the Contract Extension.
2. A copy of any press release or public announcement, issued by Highmark or UPMC (if in UPE's, Highmark's or West Penn Allegheny Health System's possession) relating to the Contract Extension.
3. Please provide to the Department an assessment as to whether the Contract Extension or any other circumstances constitutes a material change and the date by which the Form A will be revised to reflect the change of Highmark's President and CEO and, as required, to reflect the Contract Extension.

As UPE has requested expedited treatment of the filing, the Department requests that you respond to this letter on or before June 13, 2012.

The information requested in this letter is intended to be provided on a continuing basis. We expect that UPE/Highmark's responses will be updated as UPE/Highmark receives or develops additional responsive information. The Department reserves the right to request additional information concerning the Contract Extension.

Sincerely,



Stephen J. Johnson, CPA  
Deputy Insurance Commissioner  
Office of Corporate and Financial  
Regulation